MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

FULE2612 LAW AND ECONOMICS

(All Sections / Groups)

6 OCTOBER 2023

Reading Time : 9.00 a.m. – 9.15 a.m.
(15 Minutes)
Answering Time: 9.15 a.m. – 12.15 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. Students will have **fifteen minutes** during which they may read the paper and make rough notes ONLY in their question paper. Students then have the remaining **THREE HOURS** in which to answer the questions.

2. This question paper consists of 3 pages with 5 Questions only.

3. Attempt **ALL** questions in Part A and **TWO** questions in Part B. All questions carry equal marks and the distribution of the marks for each question is given.

4. Students are not allowed to bring in any statute and calculator into the Examination Hall.

5. Please write all your answers in the Answer Booklet provided.

PART A
(Answer ALL questions)

QUESTION 1

(a) Applying budget lines and indifference curves, explain why the market demand curve for durians is downward slopping.

(13 marks)

(b) Applying a demand curve and a supply curve, explain why when the price of durians is at the equilibrium price, sellers and producers in a competitive market have not incentive to sell at a price different from the equilibrium price, and that the market said to be efficient at this equilibrium price.

(12 marks)

(Total: 25 marks)

QUESTION 2

Applying the theory of market failure to monopolies, discuss the compatibility and incompatibility between economic theory on monopolies and competition law as modelled in the Malaysian Competition Act 2010.

(Total: 25 marks)

Continued .....

PART B

(Answer any TWO questions)

QUESTION 3

Assess the different points of view that the Coase Theorem provide in the area of property law, compared to legal doctrinalism.

Subsequently, demonstrate how do we apply the Normative Coase Theorem and the Normative Hobbes Theorem.

(TOTAL: 25 marks)

QUESTION 4

The disposal of household solid waste is a perennial problem of cities in Malaysia. Various solutions have been attempted to resolve the problem of disposing household solid waste in an efficient manner.

(a) Discuss how the disposal of household solid waste is currently resolved as a public goods problem in Malaysia.

(5 marks)

(b) Applying the theory of negative externality, explain how household solid waste is a form of market failure and briefly explain how recycling can be seen as a solution to reduce this negative externality.

(12 marks)

(c) In some countries, the problem household solid waste is resolved using a 'polluter pays principle'. Explain how the polluter pays principle is a potential solution to this problem and how this may give the incentive to reduce household waste.

(8 marks)

(Total: 25 marks)

Continued .....

QUESTION 5

(a) Demonstrate how economists view the following types of contracts, as opposed to how lawyers regard them:

i) standard terms contracts

(5 marks)

ii) incomplete contracts

(5 marks)

(b) Under contract remedies, illustrate the difference between "unexpected bad news" and "unexpected good news" and their varying circumstances.

(15 marks)

(TOTAL: 25 marks)

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